

108TH CONGRESS
1ST SESSION

H. R. 3180

To amend the Higher Education Act of 1965.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 2003

Mr. GEORGE MILLER of California (for himself, Ms. PELOSI, Mr. KILDEE, Mr. OWENS, Mr. PAYNE, Mr. ANDREWS, Ms. WOOLSEY, Mr. HINOJOSA, Mrs. MCCARTHY of New York, Mr. TIERNEY, Mr. KUCINICH, Mr. HOLT, Ms. MCCOLLUM, Mr. DAVIS of Illinois, Mr. CASE, Mr. GRIJALVA, Mr. VAN HOLLEN, Mr. RYAN of Ohio, Mr. BISHOP of New York, Ms. MAJETTE, Mr. ABERCROMBIE, Mr. SCOTT of Virginia, Mrs. JONES of Ohio, Mr. SERRANO, Mr. FRANK of Massachusetts, Mr. NADLER, Mr. CROWLEY, Ms. MILLENDER-McDONALD, Mr. BROWN of Ohio, Ms. BALDWIN, Ms. DELAURO, Ms. WATSON, Mr. WEXLER, Mr. ORTIZ, Mr. HOEFFEL, Mr. ALEXANDER, Mr. ISRAEL, Mr. FILNER, Ms. SOLIS, Mr. MARKEY, Ms. NORTON, Mr. FALEOMAVAEGA, Mr. CUMMINGS, Ms. LORETTA SANCHEZ of California, Mr. HONDA, Ms. CARSON of Indiana, Ms. JACKSON-LEE of Texas, Mr. RUPPERSBERGER, Mr. GUTIERREZ, Ms. LINDA T. SÁNCHEZ of California, and Mr. EMANUEL) introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; REFERENCE; TABLE OF CON-**
 2 **TENTS.**

3 (a) SHORT TITLE.—This Act may be cited as the
 4 “College Opportunity for All Act”

5 (b) REFERENCES.—Except as otherwise expressly
 6 provided, whenever in this Act an amendment or repeal
 7 is expressed in terms of an amendment to, or repeal of,
 8 a section or other provision, the reference shall be consid-
 9 ered to be made to a section or other provision of the
 10 Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

11 (c) TABLE OF CONTENTS.—

- Sec. 1. Short title; reference; table of contents.
- Sec. 2. Student access through increased student aid.
- Sec. 3. Enhancing support and educational opportunities for students at minor-
ity serving institutions.
- Sec. 4. Expanding graduate opportunities at Hispanic-serving institutions.
- Sec. 5. Strengthening outreach programs to disadvantaged students.
- Sec. 6. Support for working students.
- Sec. 7. Public service scholarships.
- Sec. 8. Providing relief to borrowers.
- Sec. 9. Simplifying the student aid process.
- Sec. 10. Expansion of voluntary flexible agreements with guaranty agencies.
- Sec. 11. Allowance for State and other taxes.

12 **SEC. 2. STUDENT ACCESS THROUGH INCREASED STUDENT**
 13 **AID.**

14 (a) PELL GRANTS.—

15 (1) MAXIMUM GRANTS.—Section 401(b)(2)(A)
 16 (20 U.S.C. 1070a(b)(2)(A)) is amended by striking
 17 clauses (i) through (v) and inserting the following:

18 “(i) \$5,800 for academic year 2004–2005;

19 “(ii) \$6,900 for academic year 2005–2006;

20 “(iii) \$8,000 for academic year 2006–2007;

1 “(iv) \$9,100 for academic year 2007–2008;
2 “(v) \$10,200 for academic year 2008–2009;
3 and
4 “(vi) \$11,600 for academic year 2009–2010,”.

5 (2) YEAR-ROUND PELL GRANTS.—Section 401
6 is further amended by adding at the end the fol-
7 lowing new subsection:

8 “(k) YEAR-ROUND PELL GRANTS.—

9 “(1) PILOT PROGRAM ESTABLISHED.—The Sec-
10 retary shall establish in accordance with this sub-
11 section a year-round Pell grant pilot program. Any
12 institution of higher education that desires to par-
13 ticipate in the program under this subsection shall
14 submit an application the Secretary at such time
15 and containing or accompanied by such information
16 and assurances as the Secretary may require. The
17 Secretary may select not more than 200 institutions
18 of higher education for participation in the program.

19 “(2) PROGRAM ELEMENTS.—With respect to
20 students enrolled in institutions participating in the
21 program under this subsection, the Secretary is au-
22 thorized—

23 “(A) to award such students two Pell
24 grants in one calendar year to permit such stu-
25 dents to accelerating progress towards their de-

gree or certificate objectives by enrolling in academic programs for 12 rather than 9 months of the year at participating institutions; and

“(B) to award such two Pell grants to such students in a total amount up to 133 percent of the maximum Pell under subsection (b)(2)(A) that is applicable for the academic year.

“(3) LIMITATION.—The Secretary shall limit the awarding of additional Pell grants under this subsection in a single calendar year to students who attend bachelor’s degree granting institutions with the following characteristics:

“(A) the graduation rate for the institution of higher education reported by the Integrated Postsecondary Education Data System for the preceding five academic years is at least 50 percent; and

“(B) the average time of enrollment required to complete a degree at the institution among students who enter as freshman and earn bachelor’s degrees is 14 or fewer quarters, or 9 or fewer semesters or the equivalent.

“(4) TERMINATION; EVALUATION.—The authority of the Secretary under this subsection shall cease

1 to be effective on October 1, 2009. Not later than
 2 October 1, 2008, the Secretary shall conduct an
 3 evaluation of the program under this subsection and
 4 submit to the Congress a report on the results of
 5 such evaluation.”.

6 (3) ELIMINATION OF TUITION SENSITIVITY
 7 PROVISION.—Section 401(b) is further amended—

8 (A) by striking paragraph (3); and

9 (B) by redesignating paragraphs (4)
 10 though (8) as paragraphs (3) through (7), re-
 11 spectively.

12 (b) FEDERAL TRIO PROGRAM AUTHORIZATIONS.—
 13 Section 402A(f) (20 U.S.C. 1070a–11(f)) is amended by
 14 striking “\$700,000,000 for fiscal year 1999” and insert-
 15 ing “\$1,250,000,000 for fiscal year 2004”.

16 (c) GEARUP.—Section 404H (20 U.S.C. 1070a–28)
 17 is amended to read as follows:

18 **“SEC. 404H. AUTHORIZATION OF APPROPRIATIONS.**

19 “There are authorized to be appropriated to carry out
 20 this chapter—

21 “(1) \$500,000,000 for fiscal year 2004; and

22 “(2) such sums as may be necessary for each
 23 of the 4 succeeding fiscal years.”.

24 (d) FEDERAL SUPPLEMENTAL EDUCATIONAL OP-
 25 PORTUNITY GRANTS.—

1 (1) AUTHORIZATION.—Section 413A(b)(1) (20
 2 U.S.C. 1070b(b)(1)) is amended by striking
 3 “\$675,000,000 for fiscal year 1999” and inserting
 4 “\$1,000,000,000 for fiscal year 2004”.

5 (2) MAXIMUM GRANT.—Section 413B(a)(2) (20
 6 U.S.C. 1070b–1(a)(2)) is amended by striking
 7 “\$4,000” and inserting “\$8,000”.

8 (e) COLLEGE WORK-STUDY.—Section 441(b) (20
 9 U.S.C. 2751(b)) is amended to read as follows:

10 “(b) AUTHORIZATION OF APPROPRIATIONS.—There
 11 are authorized to be appropriated to carry out this part—

12 “(1) \$1,500,000,000 for fiscal year 2004; and

13 “(2) such sums as may be necessary for each
 14 of the 4 succeeding fiscal years.”.

15 (f) LEAP.—

16 (1) AUTHORIZATION OF APPROPRIATIONS.—
 17 Section 415A(b)(1) (20 U.S.C. 1070c(b)(1)) is
 18 amended by striking “\$105,000,000 for fiscal year
 19 1999” and inserting “\$200,000,000 for fiscal year
 20 2004”.

21 (2) MAXIMUM GRANT.—Section 415C(b)(2) (20
 22 U.S.C. 1070c–2(b)(2)) is amended by striking
 23 “\$5,000” and inserting “\$12,500”.

1 **SEC. 3. ENHANCING SUPPORT AND EDUCATIONAL OPPOR-**
 2 **TUNITIES FOR STUDENTS AT MINORITY**
 3 **SERVING INSTITUTIONS.**

4 (a) TITLE II AMENDMENTS: CENTERS OF EXCEL-
 5 LENCE.—Title II is amended by inserting after section
 6 224 (20 U.S.C. 1044) the following new part:

7 **“PART C—CENTERS OF EXCELLENCE**

8 **“SEC. 231. PURPOSES; DEFINITIONS.**

9 “(a) PURPOSES.—The purposes of this part are—

10 “(1) to help recruit and prepare teachers, in-
 11 cluding minority teachers, to meet the national de-
 12 mand for a highly qualified teacher in every class-
 13 room; and

14 “(2) to increase opportunities for Americans of
 15 all educational, ethnic, class, and geographic back-
 16 grounds to become highly qualified teachers.

17 “(b) DEFINITIONS.—As used in this part:

18 “(1) ELIGIBLE INSTITUTION.—The term ‘eligi-
 19 ble institution’ means—

20 “(A) an institution of higher education
 21 that has a teacher preparation program that
 22 meets the requirements of section 203(b)(2)
 23 and that is—

24 “(i) a part B institution (as defined in
 25 section 322);

1 “(ii) a Hispanic-serving institution (as
2 defined in section 502);

3 “(iii) a Tribal College or University
4 (as defined in section 316);

5 “(iv) an Alaska Native-serving institu-
6 tion (as defined in section 317(b)); or

7 “(v) a Native Hawaiian-serving insti-
8 tution (as defined in section 317(b));

9 “(B) a consortium of institutions described
10 in subparagraph (A); or

11 “(C) an institution described in subpara-
12 graph (A), or a consortium described in sub-
13 paragraph (B), in partnership with any other
14 institution of higher education, but only if the
15 center of excellence established under section
16 232 is located at an institution described in
17 subparagraph (A).

18 “(2) HIGHLY QUALIFIED.—The term ‘highly
19 qualified’ has the meaning given such term in sec-
20 tion 9101 of the Elementary and Secondary Edu-
21 cation Act of 1965 (20 U.S.C. 7801).

22 “(3) SCIENTIFICALLY BASED READING RE-
23 SEARCH.—The term ‘scientifically based reading re-
24 search’ has the meaning given such term in section

1 1208 of the Elementary and Secondary Education
2 Act of 1965 (20 U.S.C. 6368).

3 “(4) SCIENTIFICALLY BASED RESEARCH.—The
4 term ‘scientifically based research’ has the meaning
5 given such term in section 9101 of the Elementary
6 and Secondary Education Act of 1965 (20 U.S.C.
7 7801).

8 **“SEC. 232. CENTERS OF EXCELLENCE.**

9 “(a) PROGRAM AUTHORIZED.—From the amounts
10 appropriated to carry out this part, the Secretary is au-
11 thorized to award competitive grants to eligible institu-
12 tions to establish centers of excellence.

13 “(b) USE OF FUNDS.—Grants provided by the Sec-
14 retary under this part shall be used to ensure that current
15 and future teachers are highly qualified, by carrying out
16 one or more of the following activities:

17 “(1) Implementing reforms within teacher prep-
18 aration programs to ensure that such programs are
19 preparing teachers who are highly qualified, are able
20 to understand scientifically based research, and are
21 able to use advanced technology effectively in the
22 classroom, including use for instructional techniques
23 to improve student academic achievement, by—

24 “(A) retraining faculty; and

1 “(B) designing (or redesigning) teacher
2 preparation programs that—

3 “(i) prepare teachers to close student
4 achievement gaps, are based on rigorous
5 academic content, scientifically based re-
6 search (including scientifically based read-
7 ing research), and challenging State stu-
8 dent academic content standards; and

9 “(ii) promote strong teaching skills.

10 “(2) Providing sustained and high-quality
11 preservice clinical experience, including the men-
12 toring of prospective teachers by exemplary teachers,
13 substantially increasing interaction between faculty
14 at institutions of higher education and new and ex-
15 perience teachers, principals, and other administra-
16 tors at elementary schools or secondary schools, and
17 providing support, including preparation time, for
18 such interaction.

19 “(3) Developing and implementing initiatives to
20 promote retention of highly qualified teachers and
21 principals, including minority teachers and prin-
22 cipals, including programs that provide—

23 “(A) teacher or principal mentoring from
24 exemplary teachers or principals; or

1 “(B) induction and support for teachers
2 and principals during their first 3 years of em-
3 ployment as teachers or principals, respectively.

4 “(4) Awarding scholarships based on financial
5 need to help students pay the costs of tuition, room,
6 board, and other expenses of completing a teacher
7 preparation program.

8 “(5) Disseminating information on effective
9 practices for teacher preparation and successful
10 teacher certification and licensure assessment prepa-
11 ration strategies.

12 “(6) Activities authorized under sections 202,
13 203, and 204.

14 “(c) APPLICATION.—Any eligible institution desiring
15 a grant under this section shall submit an application to
16 the Secretary at such a time, in such a manner, and ac-
17 panied by such information the Secretary may require.

18 “(d) MINIMUM GRANT AMOUNT.—The minimum
19 amount of each grant under this part shall be \$1,500,000.

20 “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
21 An eligible institution that receives a grant under this part
22 may not use more than 2 percent of the grant funds for
23 purposes of administering the grant.

1 “(f) REGULATIONS.—The Secretary shall prescribe
2 such regulations as may be necessary to carry out this
3 part.

4 **“SEC. 233. AUTHORIZATION OF APPROPRIATIONS.**

5 “There are authorized to be appropriated to carry out
6 this part \$20,000,000 for fiscal year 2004 and such sums
7 as may be necessary for each of the 4 succeeding fiscal
8 years.”.

9 (b) TITLE III AMENDMENTS.—

10 (1) AUTHORIZATIONS OF APPROPRIATIONS.—

11 Section 399(a) (20 U.S.C. 1068h(a)(2)) is amend-
12 ed—

13 (A) by striking paragraphs (1), (2), and
14 (3) and inserting the following:

15 “(1) PART A.—(A) There are authorized to be
16 appropriated to carry out part A (other than section
17 316 and 317)—

18 “(i) \$170,000,000 for fiscal year 2004;

19 and

20 “(ii) such sums as may be necessary for
21 each of the 4 succeeding fiscal years.

22 “(B) There are authorized to be appropriated
23 to carry out section 316—

24 “(i) \$45,000,000 for fiscal year 2004; and

1 “(ii) such sums as may be necessary for
2 each of the 4 succeeding fiscal years.

3 “(C) There are authorized to be appropriated to
4 carry out section 317—

5 “(i) \$20,000,000 for fiscal year 2004; and

6 “(ii) such sums as may be necessary for
7 each of the 4 succeeding fiscal years.

8 “(2) PART B.—(A) There are authorized to be
9 appropriated to carry out part B (other than section
10 326)—

11 “(i) \$270,000,000 for fiscal year 2004;
12 and

13 “(ii) such sums as may be necessary for
14 each of the 4 succeeding fiscal years.

15 “(B) There are authorized to be appropriated
16 to carry out section 326—

17 “(i) \$90,000,000 for fiscal year 2004; and

18 “(ii) such sums as may be necessary for
19 each of the 4 succeeding fiscal years.

20 “(3) PART C.—There are authorized to be ap-
21 propriated to carry out part C—

22 “(A) \$30,000,000 for fiscal year 2004; and

23 “(B) such sums as may be necessary for
24 each of the 4 succeeding fiscal years.”; and

1 (B) by striking paragraph (5) and insert-
2 ing the following:

3 “(5) PART E.—There are authorized to be ap-
4 propriated to carry out part E—

5 “(A) \$40,000,000 for fiscal year 2004; and

6 “(B) such sums as may be necessary for
7 each of the 4 succeeding fiscal years.”.

8 (2) AUTHORIZED USES OF FUNDS FOR TITLE
9 III.—Section 323(a) (20 U.S.C. 1062(a)) is amend-
10 ed—

11 (A) by redesignating paragraph (12) as
12 paragraph (13); and

13 (B) by inserting after paragraph (11) the
14 following new paragraph:

15 “(12) Technical assistance services, including
16 financial management, enrollment management,
17 strategic planning, replication of best practices, and
18 other needed services, except that the amount ex-
19 pended under this paragraph shall not exceed 2 per-
20 cent of the institution’s annual award under this
21 part.”.

22 (c) TITLE V AUTHORIZATION OF APPROPRIA-
23 TIONS.—Subsection (a) of section 528 of such Act (as re-
24 designated by subsection (a)(2)) (20 U.S.C. 1103g) is
25 amended to read as follows:

1 “(a) AUTHORIZATIONS.—

2 “(1) PART A.—There are authorized to be ap-
 3 propriated to carry out part A of this title
 4 \$175,000,000 for fiscal year 2005 and such sums as
 5 may be necessary for each of the 4 succeeding fiscal
 6 years.

7 “(2) PART B.—There are authorized to be ap-
 8 propriated to carry out part B of this title
 9 \$125,000,000 for fiscal year 2005 and such sums as
 10 may be necessary for each of the 4 succeeding fiscal
 11 years.”.

12 (d) REDUCING REGULATORY BARRIERS FOR HIS-
 13 PANIC-SERVING INSTITUTIONS.—Section 503(b) of the
 14 Higher Education Act of 1965 (20 U.S.C. 1101b(a)) is
 15 amended by striking paragraph (7) and inserting the fol-
 16 lowing:

17 “(7) Articulation agreements and student sup-
 18 port programs designed to facilitate the transfer
 19 from two-year to four-year institutions.”.

20 **SEC. 4. EXPANDING GRADUATE OPPORTUNITIES AT HIS-**
 21 **PANIC-SERVING INSTITUTIONS.**

22 (a) POSTBACCALAUREATE OPPORTUNITIES FOR HIS-
 23 PANIC AMERICANS.—

24 (1) ESTABLISHMENT OF PROGRAM.—Title V of
 25 the Higher Education Act is amended—

- 1 (A) by redesignating part B as part C;
2 (B) by redesignating section 511 through
3 518 as sections 521 through 528, respectively;
4 and
5 (C) inserting after section 505 (20 U.S.C.
6 1101d) the following new part:

7 **“PART B—PROMOTING POSTBACCALAUREATE**
8 **OPPORTUNITIES FOR HISPANIC AMERICANS**
9 **“SEC. 511. FINDINGS AND PURPOSES.**

10 “(a) FINDINGS.—Congress finds the following:

11 “(1) According to the United States Census, by
12 the year 2050 one in four Americans will be of His-
13 panic origin.

14 “(2) Despite the dramatic increase in the His-
15 panic population in the United States, the National
16 Center for Education Statistics reported that in
17 1999, Hispanics accounted for only 4 percent of the
18 master’s degrees, 3 percent of the doctor’s degrees,
19 and 5 percent of first-professional degrees awarded
20 in the United States.

21 “(3) Although Hispanics constitute 10 percent
22 of the college enrollment in the United States, they
23 comprise 3 only percent of instructional faculty in
24 college and universities.

1 “(4) The future capacity for research and ad-
2 vanced study in the United States will require in-
3 creasing the number of Hispanics pursuing
4 postbaccalaureate studies.

5 “(5) Hispanic-serving institutions are leading
6 the nation in increasing the number of Hispanics at-
7 taining graduate and professional degrees.

8 “(6) Among Hispanics who received master’s
9 degrees in 1999–2000, 25 percent earned them at
10 Hispanic-serving institutions.

11 “(7) Between 1991 and 2000, the number of
12 Hispanic students earning master’s degrees at His-
13 panic-serving institutions grew 136 percent, the
14 number receiving doctor’s degrees grew by 85 per-
15 cent, and the number earning first-professional de-
16 grees grew by 47 percent.

17 “(8) It is in the National interest to expand the
18 capacity of Hispanic-serving institutions to offer
19 graduate and professional degree programs.

20 “(b) PURPOSES.—The purposes of this part are—

21 “(1) to expand postbaccalaureate educational
22 opportunities for, and improve the academic attain-
23 ment of, Hispanic students; and

24 “(2) to expand and enhance the
25 postbaccalaureate academic offerings, program qual-

1 ity, that are educating the majority of Hispanic col-
 2 lege students and helping large numbers of Hispanic
 3 students and other low-income individuals complete
 4 postsecondary degrees.

5 **“SEC. 512. PROGRAM AUTHORITY AND ELIGIBILITY.**

6 “(a) PROGRAM AUTHORIZED.—Subject to the avail-
 7 ability of funds appropriated to carry out this part, the
 8 Secretary shall award competitive grants to Hispanic-serv-
 9 ing institutions that offer postbaccalaureate certifications
 10 or degrees.

11 “(b) ELIGIBILITY.—For the purposes of this part, an
 12 ‘eligible institution’ means an institution of higher edu-
 13 cation that—

14 “(1) is an eligible institution under section 502;
 15 and

16 “(2) offers a postbaccalaureate certificate or de-
 17 gree granting program.

18 **“SEC. 513. AUTHORIZED ACTIVITIES.**

19 “Grants awarded under this part shall be used for
 20 one or more of the following activities:

21 “(1) Purchase, rental, or lease of scientific or
 22 laboratory equipment for educational purposes, in-
 23 cluding instructional and research purposes.

24 “(2) Construction, maintenance, renovation,
 25 and improvement in classroom, library, laboratory,

1 and other instructional facilities, including purchase
2 or rental of telecommunications technology equip-
3 ment or services.

4 “(3) Purchase of library books, periodicals,
5 technical and other scientific journals, microfilm,
6 microfiche, and other educational materials, includ-
7 ing telecommunications program materials.

8 “(4) Support for needy postbaccalaureate stu-
9 dents including outreach, academic support services,
10 mentoring, scholarships, fellowships, and other fi-
11 nancial assistance to permit the enrollment of such
12 students in postbaccalaureate certificate and degree
13 granting programs.

14 “(5) Support of faculty exchanges, faculty de-
15 velopment, faculty research, curriculum development,
16 and academic instruction.

17 “(6) Creating or improving facilities for Inter-
18 net or other distance learning academic instruction
19 capabilities, including purchase or rental of tele-
20 communications technology equipment or services.

21 “(7) Collaboration with other institutions of
22 higher education to expand postbaccalaureate certifi-
23 cate and degree offerings.

24 “(8) Other activities proposed in the application
25 submitted pursuant to section 514 that—

1 “(A) contribute to carrying out the pur-
2 poses of this part; and

3 “(B) are approved by the Secretary as part
4 of the review and acceptance of such applica-
5 tion.

6 **“SEC. 514. APPLICATION AND DURATION.**

7 “(a) APPLICATION.—Any eligible institution may
8 apply for a grant under this part by submitting an applica-
9 tion to the Secretary at such time and in such manner
10 as determined by the Secretary. Such application shall
11 demonstrate how the grant funds will be used to improve
12 postbaccalaureate education opportunities for Hispanic
13 and low-income students and will lead to greater financial
14 independence.

15 “(b) DURATION.—Grants under this part shall be
16 awarded for a period not to exceed 5 years.

17 “(c) LIMITATION.—The Secretary shall not award
18 more than 1 grant under this part in any fiscal year to
19 any Hispanic-serving institution.”.

20 (2) COOPERATIVE ARRANGEMENTS.—Section
21 524 of such Act (as redesignated by subsection
22 (a)(2)) (20 U.S.C. 1103c) is amended by inserting
23 “and section 513” after “section 503”.

24 (3) AUTHORIZATION OF APPROPRIATIONS.—
25 Subsection (a) of section 528 of such Act (as reded-

1 ignated by subsection (a)(2)) (20 U.S.C. 1103g) is
2 amended to read as follows:

3 “(a) AUTHORIZATIONS.—

4 “(1) PART A.—There are authorized to be ap-
5 propriated to carry out part A of this title
6 \$175,000,000 for fiscal year 2005 and such sums as
7 may be necessary for each of the 4 succeeding fiscal
8 years.

9 “(2) PART B.—There are authorized to be ap-
10 propriated to carry out part B of this title
11 \$125,000,000 for fiscal year 2005 and such sums as
12 may be necessary for each of the 4 succeeding fiscal
13 years.”.

14 (b) DEFINITIONS.—Section 502(a) of the Higher
15 Education Act of 1965 (20 U.S.C. 1101a(a)) is amend-
16 ed—

17 (1) in paragraph (5)—

18 (A) by inserting “and” after the semicolon
19 at the end of subparagraph (A);

20 (B) by striking “; and” at the end of sub-
21 paragraph (B) and inserting a period; and

22 (C) by striking subparagraph (C); and

23 (2) by striking paragraph (7).

24 (c) AUTHORIZED ACTIVITIES.—Section 503(b) of the
25 Higher Education Act of 1965 (20 U.S.C. 1101b(a)) is

1 amended by striking paragraph (7) and inserting the fol-
2 lowing:

3 “(7) Articulation agreements and student sup-
4 port programs designed to facilitate the transfer
5 from two-year to four-year institutions.”

6 (d) ELIMINATION OF WAIT-OUT PERIOD.—Sub-
7 section (a) of section 504 of the Higher Education Act
8 of 1965 (20 U.S.C. 1101c(a)) is amended to read as fol-
9 lows:

10 “(a) AWARD PERIOD.—The Secretary may award a
11 grant to a Hispanic-serving institution under this title for
12 5 years.”.

13 (e) APPLICATION PRIORITY.—Section 521(d) of the
14 Higher Education Act of 1965 (as redesignated by section
15 101(a)(2)) (20 U.S.C. 1103(d)) is amended by striking
16 “(from funds other than funds provided under this title)”.

17 **SEC. 5. STRENGTHENING OUTREACH PROGRAMS TO DIS-**
18 **ADVANTAGED STUDENTS.**

19 (a) TRIO DURATION OF GRANT.—Section 402A(b)
20 (20 U.S.C. 1070a–11(b)) is amended by striking para-
21 graph (2) and inserting the following:

22 “(2) DURATION.—Grants or contracts made
23 under this chapter shall be awarded for a period of
24 5 years, except that—

1 “(A) grants made under section 402G shall
2 be awarded for a period of 2 years; and

3 “(B) grants under section 402H shall be
4 awarded for a period determined by the Sec-
5 retary.”.

6 (b) MINIMUM GRANTS.—Section 402A(b)(3) is
7 amended—

8 (1) by striking “\$170,000” and inserting
9 “\$200,000”;

10 (2) by striking “\$180,000” and inserting
11 “\$210,000”; and

12 (3) by striking “\$190,000” and inserting
13 “\$220,000”.

14 (c) MAXIMUM UPWARD BOUND STIPENDS.—Section
15 402C(e) (20 U.S.C. 1070a–13(e)) is amended—

16 (1) by striking “\$60” and inserting “\$100”;
17 and

18 (2) by striking “\$40” and inserting “\$60”.

19 (d) MAXIMUM MCNAIR STIPENDS.—Section
20 402E(e)(1) (20 U.S.C. 1070a–15(e)(1)) is amended by
21 striking “\$2,800” and inserting “\$5,000”.

22 (e) GEARUP COORDINATION.—Section 404C(a)(2)
23 (20 U.S.C. 1070a–23(a)(2)) is amended—

24 (1) by striking “and” at the end of subpara-
25 graph (A);

1 (2) by redesignating subparagraph (B) as sub-
2 paragraph (C); and

3 (3) by inserting after subparagraph (A) the fol-
4 lowing new subparagraph:

5 “(B) describe activities for coordinating,
6 complementing, and enhancing services under
7 this chapter provided by other eligible entities
8 in the State; and”.

9 (f) HEP/CAMP PROGRAM.—Section 418A (20
10 U.S.C. 1070d–2) is amended—

11 (1) in subsection (b)(1)(B)(i), by inserting “or
12 whose spouse” after “themselves”;

13 (2) in subsection (b)(3)(B), by inserting “, in-
14 cluding preparation for college entrance exams,”
15 after “program”;

16 (3) in subsection (b)(8), by inserting “, includ-
17 ing child care and transportation” after “students”;

18 (4) by striking “and” at the end of subsection
19 (b)(7), by striking the period at the end of sub-
20 section (b)(8) and inserting “; and”, and by adding
21 at the end of subsection (b) the following new para-
22 graph:

23 “(9) follow up activity and reporting require-
24 ments, except that not more than 2 percent of the

1 funds provided under this section may be used for
2 such purposes.”;

3 (5) in subsection (c)(1)(A), by inserting “or
4 whose spouse” after “themselves”;

5 (6) in subsection (c)(2)(B), by inserting “(in-
6 cluding mentoring and guidance of such students)”
7 after “services”;

8 (7) in subsection (c)(2), by striking “and” at
9 the end of subparagraph (A), by striking the period
10 at the end of subparagraph (B) and inserting “;
11 and”, and by adding at the end of subsection (c)(2)
12 the following new subparagraph:

13 “(C) for students in any program that
14 does not award a bachelor’s degree, encour-
15 aging the transfer to, and persistence in, such
16 a program, and monitoring the rate of such
17 transfer, persistence, and completion.”; and

18 (8) in subsection (h)—

19 (A) in paragraph (1), by striking
20 “\$15,000,000 for fiscal year 1999 and such
21 sums as may be necessary for each of the 4
22 succeeding fiscal years” and inserting
23 “\$24,000,000 for fiscal year 2004 and such
24 sums as may be necessary for each of the 5
25 succeeding fiscal years”; and

1 (B) in paragraph (2), by striking
 2 “\$5,000,000 for fiscal year 1999 and such
 3 sums as may be necessary for each of the 4
 4 succeeding fiscal years” and inserting
 5 “\$16,000,000 for fiscal year 2004 and such
 6 sums as may be necessary for each of the 5
 7 succeeding fiscal years”.

8 **SEC. 6. SUPPORT FOR WORKING STUDENTS.**

9 (a) STUDENT CONTRIBUTION FROM AVAILABLE IN-
 10 COME FOR PURPOSES OF NEEDS ANALYSIS.—

11 (1) DEPENDENT STUDENTS.—Section
 12 475(g)(2) of the Higher Education Act of 1965 (20
 13 U.S.C. 1087oo(g)(2)) is amended by striking sub-
 14 paragraph (D) and inserting the following:

15 “(D) \$9,000;”.

16 (2) INDEPENDENT STUDENTS WITHOUT DE-
 17 PENDENTS OTHER THAN A SPOUSE.—Section
 18 476(b)(1)(A) of the Higher Education Act of 1965
 19 (20 U.S.C. 1087pp(b)(1)(A)) is amended by striking
 20 clause (iv) and inserting the following:

21 “(iv) \$9,000;”.

22 (3) INDEPENDENT STUDENTS WITH DEPEND-
 23 ENTS OTHER THAN A SPOUSE.—Section 477(b) of
 24 the Higher Education Act of 1965 (20 U.S.C.
 25 1087qq(b)) is amended—

1 (A) in paragraph (1)—

2 (i) by striking subparagraph (D) and
3 inserting the following:

4 “(D) \$9,000;”; and

5 (ii) in subparagraph (E), by striking
6 “paragraph (5)” and inserting “paragraph
7 (4)”;

8 (B) by striking paragraph (4); and

9 (C) by redesignating paragraph (5) as
10 paragraph (4).

11 (4) CONFORMING AMENDMENTS.—Section 478
12 of the Higher Education Act of 1965 (20 U.S.C.
13 1087rr) is amended—

14 (A) by striking subsection (b) and insert-
15 ing the following:

16 “(b) INCOME PROTECTION ALLOWANCE.—For each
17 academic year after academic year 1993–1994, the Sec-
18 retary shall publish in the Federal Register a revised table
19 of income protection allowances for the purpose of section
20 475(c)(4). Such revised table shall be developed by in-
21 creasing each of the dollar amounts contained in the table
22 in such section by a percentage equal to the estimated per-
23 centage increase in the Consumer Price Index (as deter-
24 mined by the Secretary) between December 1992 and the

1 December next preceding the beginning of such academic
 2 year, and rounding the result to the nearest \$10.”; and

3 (B) in subsection (h)—

4 (i) in the first sentence, by striking
 5 “477(b)(5)” and inserting “477(b)(4)”;
 6 and

7 (ii) in the second sentence—

8 (I) by striking “477(b)(5)(A)”
 9 and inserting “477(b)(4)(A)”; and

10 (II) by striking “477(b)(5)(B)”
 11 and inserting “477(b)(4)(B)”.

12 (b) COMMUNITY SERVICE.—Section 441(c)(1) (42
 13 U.S.C. 2751(c)(1)) is amended by inserting after “child
 14 care services” the following: “campus employees and stu-
 15 dents and”.

16 **SEC. 7. PUBLIC SERVICE SCHOLARSHIPS.**

17 Section 428K (20 U.S.C. 1078–11) is amended to
 18 read as follows:

19 **“SEC. 428K. LOAN FORGIVENESS FOR PUBLIC SERVICE EM-**
 20 **PLOYEES.**

21 “(a) PURPOSES.—The purposes of this section are—

22 “(1) to reduce the burden of student debt, par-
 23 ticularly for Americans who dedicate their careers to
 24 meeting certain urgent national needs; and

1 “(2) to attract more excellent individuals into
2 important public service careers.

3 “(b) LOAN FORGIVENESS.—

4 “(1) IN GENERAL.—The Secretary shall assume
5 the obligation to repay, pursuant to subsection (c),
6 a loan made under section 428 or 428H, a Federal
7 Direct Stafford Loan or Federal Direct Unsub-
8 sidized Stafford Loan, a Federal Direct Consolida-
9 tion Loan, or a Federal Perkins Loan for any new
10 borrower after the date of enactment of the Higher
11 Education Amendments of 1998, who—

12 “(A) is employed full time in a qualified
13 public service position described in paragraph
14 (2); and

15 “(B) is not in default on a loan for which
16 the borrower seeks forgiveness.

17 “(2) QUALIFIED PUBLIC SERVICE POSITIONS.—
18 For purposes of this section, an individual shall be
19 treated as employed in a qualified public service po-
20 sition if the individual is any of the following:

21 “(A) HIGHLY QUALIFIED TEACHERS IN
22 LOW-INCOME COMMUNITIES AND OF MATHE-
23 MATICS, SCIENCE, AND BILINGUAL AND SPE-
24 CIAL EDUCATION.—An individual who—

1 “(i) is highly qualified as such term is
2 defined in section 9101 of the Elementary
3 and Secondary Education Act of 1965; and

4 “(ii) (I) has obtained employment as
5 a teacher for service in a public or non-
6 profit private elementary or secondary
7 school which is in the school district of a
8 local educational agency which is eligible in
9 such year for assistance pursuant to title I
10 of the Elementary and Secondary Edu-
11 cation Act of 1965, and which for the pur-
12 pose of this paragraph and for that year
13 has been determined by the Secretary
14 (pursuant to regulations and after con-
15 sultation with the State educational agency
16 of the State in which the school is located)
17 to be a school in which the enrollment of
18 children counted under section 1113(a)(5)
19 of the Elementary and Secondary Edu-
20 cation Act of 1965 exceeds 40 percent of
21 the total enrollment of that school; or

22 “(II) has obtained employment as a
23 full-time teacher of mathematics, science,
24 or bilingual or special education.

1 “(B) EARLY CHILDHOOD EDUCATORS.—An
2 individual who—

3 “(i) has received a degree in early
4 childhood education; and

5 “(ii) has obtained employment in a
6 child care facility, such as employment as
7 a preschool teacher, in a low-income com-
8 munity.

9 “(C) NURSES.—An individual who has ob-
10 tained employment—

11 “(i) in a clinical setting; or

12 “(ii) as a member of the nursing fac-
13 ulty at an accredited school of nursing (as
14 those terms are defined in section 801 of
15 the Public Health Service Act (42 U.S.C.
16 296)).

17 “(D) CHILD WELFARE WORKERS.—An in-
18 dividual who—

19 “(i) has completed a degree in social
20 work or related field with a focus on serv-
21 ing children and families (as determined in
22 accordance with regulations prescribed by
23 the Secretary); and

24 “(ii) has obtained employment in pub-
25 lic or private child welfare services.

1 “(E) NUTRITION PROFESSIONALS.—An in-
2 dividual who—

3 “(i) is a certified registered dietician
4 who has completed a degree in a relevant
5 field; and

6 “(ii) has obtained employment in a
7 local agency of the special supplemental
8 nutrition program for women, infants, and
9 children under section 17 of the Child Nu-
10 trition Act of 1966 (42 U.S.C. 1786).

11 “(F) INFANT AND TODDLER SPECIAL-
12 ISTS.—An individual who—

13 “(i) has obtained an associate’s or
14 bachelor’s degree in a discipline that would
15 qualify the individual to work in the pro-
16 gram under part C of the Individuals with
17 Disabilities Education Act in the State in
18 which such individual resides; and

19 “(ii) has obtained employment in an
20 occupation that is directly related to such
21 degree and that (I) provides services to in-
22 fants, toddlers, and their families under an
23 individualized family service plan under
24 section 636 of the Individuals with Disabil-
25 ities Education Act (20 U.S.C. 1436) or

1 an individualized education plan under sec-
2 tion 614(d) of such Act (20 U.S.C.
3 1414(d)); or (II) provides training or tech-
4 nical assistance to providers of such serv-
5 ices.

6 “(G) ADDITIONAL PUBLIC SERVANTS.—An
7 individual who, as determined by the Secretary
8 of Education by regulation—

9 “(i) works in a public service profes-
10 sion that suffers from a critical lack of
11 qualified personnel;

12 “(ii) serves a low-income or needy
13 community; and

14 “(iii) is highly qualified.

15 “(c) LOAN REPAYMENT.—

16 “(1) IN GENERAL.—The Secretary shall assume
17 the obligation to repay—

18 “(A) after each of the first or second years
19 of service by an individual in a qualified public
20 service position, 15 percent of the total amount
21 of principal and interest of the loans described
22 in subsection (b)(1) to such individual that are
23 outstanding immediately preceding such first
24 year of such service;

1 “(B) after each of the third or fourth years
2 of such service, 20 percent of such total
3 amount; and

4 “(C) after the fifth year of such service, 30
5 percent of such total amount.

6 “(2) TREATMENT OF CONSOLIDATION LOANS.—

7 A loan amount for a loan made under section 428C
8 or for a Federal Direct Consolidation Loan may be
9 a qualified loan amount for the purposes of this sub-
10 section only to the extent that such loan amount was
11 used to repay a loan described in subsection (b)(1)
12 for a borrower who meets the requirements of sub-
13 section (b), as determined in accordance with regula-
14 tions prescribed by the Secretary.

15 “(3) CONSTRUCTION.—Nothing in this section
16 shall be construed to authorize the refunding of any
17 repayment of a loan made under section 428 or
18 428H, a Federal Direct Stafford Loan or Federal
19 Direct Unsubsidized Stafford Loan, a Federal Direct
20 Loan, or a Federal Perkins Loan.

21 “(4) INTEREST.—If a portion of a loan is re-
22 paid by the Secretary under this section for any
23 year, the proportionate amount of interest on such
24 loan that accrues for such year shall be repaid by
25 the Secretary.

1 “(5) INELIGIBILITY OF NATIONAL SERVICE
2 AWARD RECIPIENTS.—No student borrower may, for
3 the same service, receive a benefit under both this
4 section and subtitle D of title I of the National and
5 Community Service Act of 1990 (42 U.S.C. 12601
6 et seq.).

7 “(6) INELIGIBILITY FOR DOUBLE BENEFITS.—
8 No borrower may receive a reduction of loan obliga-
9 tions under both this section and section 428J or
10 460.

11 “(7) CONTINUED ELIGIBILITY.—

12 “(A) TEACHERS.—Any teacher who per-
13 forms service in a school that—

14 “(i) meets the requirements of sub-
15 section (b)(2)(A)(ii)(I) in any year during
16 such service; and

17 “(ii) in a subsequent year fails to
18 meet the requirements of such subsection,
19 may continue to teach in such school and shall be
20 eligible for loan forgiveness pursuant to subsection
21 (b).

22 “(B) TEACHERS IN LOW-INCOME COMMU-
23 NITIES.—Any early childhood educator who per-
24 forms service in a community that—

1 “(i) meets the definition of low-income
2 community in any year during such serv-
3 ice; and

4 “(ii) in a subsequent year fails to
5 meet such definition,

6 may continue to perform service in such community
7 and shall be eligible for loan forgiveness pursuant to
8 subsection (b).

9 “(d) REPAYMENT TO ELIGIBLE LENDERS AND
10 HOLDERS.—The Secretary shall pay to each eligible lend-
11 er or holder for each fiscal year an amount equal to the
12 aggregate amount of the lender’s or holder’s loans that
13 are subject to repayment pursuant to this section for such
14 year.

15 “(e) APPLICATION FOR REPAYMENT.—

16 “(1) IN GENERAL.—Each eligible individual de-
17 siring loan repayment under this section shall sub-
18 mit a complete and accurate application to the Sec-
19 retary at such time, in such manner, and containing
20 such information as the Secretary may require.

21 “(2) CONDITIONS.—An eligible individual may
22 apply for loan repayment under this section after
23 completing each of the consecutive years of quali-
24 fying service described in subsection (c)(1). The bor-
25 rower may elect to receive forbearance while engaged

1 in qualifying service described in subsection (c)(1)
2 unless the borrower is in deferment while so en-
3 gaged.

4 “(f) REGULATIONS.—The Secretary is authorized to
5 prescribe such regulations as may be necessary to carry
6 out the provisions of this section.

7 “(g) DEFINITIONS.—In this section:

8 “(1) CHILD CARE FACILITY.—The term ‘child
9 care facility’ means a facility, including a home,
10 that—

11 “(A) provides child care services; and

12 “(B) meets applicable State or local gov-
13 ernment licensing, certification, approval, or
14 registration requirements, if any.

15 “(2) CHILD CARE SERVICES.—The term ‘child
16 care services’ means activities and services provided
17 for the education and care of children from birth
18 through age 5 by an individual who has a degree in
19 early childhood education, including a preschool
20 teacher.

21 “(3) CHILD WELFARE SERVICES.—The term
22 ‘child welfare services’ has the meaning given the
23 term in section 425 of the Social Security Act.

1 “(4) DEGREE.—The term ‘degree’ means an as-
2 sociate’s or bachelor’s degree awarded by an institu-
3 tion of higher education.

4 “(5) EARLY CHILDHOOD EDUCATION.—The
5 term ‘early childhood education’ means education in
6 the area of early child development and education,
7 child care, or any other educational area related to
8 early child education or child care that the Secretary
9 determines to be appropriate.

10 “(6) ELIGIBLE NURSE.—The term ‘eligible
11 nurse’ means a nurse who meets all of the following:

12 “(A) The nurse graduated from—

13 “(i) an accredited school of nursing
14 (as those terms are defined in section 801
15 of the Public Health Service Act (42
16 U.S.C. 296));

17 “(ii) a nursing center; or

18 “(iii) an academic health center that
19 provides nurse training.

20 “(B) The nurse holds a valid and unre-
21 stricted license to practice nursing in the State
22 in which the nurse practices in a clinical set-
23 ting.

24 “(C) The nurse holds 1 or more of the fol-
25 lowing:

1 “(i) A graduate degree in nursing, or
2 an equivalent degree.

3 “(ii) A nursing degree from a colle-
4 giate school of nursing (as defined in sec-
5 tion 801 of the Public Health Service Act
6 (42 U.S.C. 296)).

7 “(iii) A nursing degree from an asso-
8 ciate degree school of nursing (as defined
9 in section 801 of the Public Health Service
10 Act (42 U.S.C. 296)).

11 “(iv) A nursing degree from a diploma
12 school of nursing (as defined in section
13 801 of the Public Health Service Act (42
14 U.S.C. 296)).

15 “(7) ELIGIBLE PRESCHOOL PROGRAM PRO-
16 VIDER.—The term ‘eligible preschool program pro-
17 vider’ means a preschool program provider serving
18 children younger than the age of compulsory school
19 attendance that is—

20 “(A) a public or private school;

21 “(B) a provider that is supported, spon-
22 sored, supervised, or administered by a local
23 educational agency;

1 “(C) a Head Start agency designated
2 under the Head Start Act (42 U.S.C. 9831 et
3 seq.);

4 “(D) a nonprofit or community-based orga-
5 nization; or

6 “(E) a licensed child care center or family
7 child care provider.

8 “(8) LOW-INCOME COMMUNITY.—In this sub-
9 section, the term ‘low-income community’ means a
10 community in which 70 percent of households earn
11 less than 85 percent of the State median household
12 income.

13 “(9) PRESCHOOL TEACHER.—The term ‘pre-
14 school teacher’ means an individual—

15 “(A) who has received at least an associ-
16 ate’s degree in early childhood education and
17 who is working toward or who has already re-
18 ceived a bachelor’s degree in early childhood
19 education; and

20 “(B) who works for an eligible preschool
21 program provider supporting the children’s cog-
22 nitive, social, emotional, and physical develop-
23 ment to prepare the children for the transition
24 to kindergarten.

1 “(10) YEAR.—The term ‘year’, where applied to
 2 service as a teacher (or service as a member of an
 3 accredited school of nursing (as those terms are de-
 4 fined in section 801 of the Public Health Service Act
 5 (42 U.S.C. 296))), means an academic year as de-
 6 fined by the Secretary.”.

7 **SEC. 8. PROVIDING RELIEF TO BORROWERS.**

8 (a) ELIMINATION OF LOAN FEES TO BORROWERS.—

9 (1) FEDERAL FAMILY EDUCATION LOAN PRO-
 10 GRAM.—Section 438(c) of the Higher Education Act
 11 of 1965 (20 U.S.C. 1087–1(c)) is amended by add-
 12 ing at the end the following new paragraph:

13 “(9) ORIGINATION FEES TERMINATED.—Not-
 14 withstanding any other provision of this subsection,
 15 with respect to any loan made, insured, or guaran-
 16 teed under this part on or after the first July 1 after
 17 the date of enactment of the College Opportunity for
 18 All Act—

19 “(A) no eligible lender may collect directly
 20 or indirectly from any borrower any origination
 21 fee with respect to such loan, or any other fee
 22 relating to the origination of a loan however de-
 23 scribed; and

1 “(B) the Secretary shall not collect any
2 origination fee from the lender under this sub-
3 section.”.

4 (2) FEDERAL DIRECT LOAN PROGRAM.—

5 (A) AMENDMENT.—Section 455(c) of such
6 Act (20 U.S.C. 1087e(c)) is amended to read as
7 follows:

8 “(c) LOAN FEE.—The Secretary shall not collect di-
9 rectly or indirectly from any borrower any origination fee
10 with respect to such loan, or any other fee relating to the
11 origination of a loan however described.”.

12 (B) EFFECTIVE DATE.—The amendment
13 made by subparagraph (A) shall apply with re-
14 spect to any loan made under part D of title IV
15 on an after the first July 1 after the date of en-
16 actment of this Act.

17 (b) CONSOLIDATION LOAN LENDER OF CHOICE.—

18 (1) STUDENT LOAN BORROWER CHOICE OF
19 LOAN CONSOLIDATOR.—Section 428C(b)(1)(A) of
20 the Higher Education Act of 1965 (20 U.S.C. 1078–
21 3(b)(1)(A)) is amended by striking “and (i) the
22 lender holds” and all that follows through “selected
23 for consolidation)”.

24 (2) CONSOLIDATION LOAN DISCLOSURE BY
25 LENDERS.—Section 428C(b)(1) of the Higher Edu-

1 cation Act of 1965 (20 U.S.C. 1078–3(b)(1)) is
 2 amended—

3 (A) by striking “and” at the end of sub-
 4 paragraph (E);

5 (B) by redesignating subparagraph (F) as
 6 subparagraph (G); and

7 (C) by inserting after subparagraph (E)
 8 the following new subparagraph:

9 “(F) that each applicant for a consolida-
 10 tion loan will be provided a clear and con-
 11 spicuous notice, in such form as the Secretary
 12 shall prescribe, describing—

13 “(i) the effects of a consolidation loan
 14 and its available repayment plans on the
 15 borrower’s interest rate;

16 “(ii) the amount of his or her monthly
 17 and total payments, total interest accrued,
 18 and the length of the repayment term;

19 “(iii) the ability of the student bor-
 20 rower to pre-pay loans; and

21 “(iv) the differences between variable
 22 and fixed interest rates;”.

23 (3) DISCLOSURES BY INSTITUTIONS DURING
 24 EXIT COUNSELING.—Section 485(b) of the Higher
 25 Education Act of 1965 (20 U.S.C. 1092(b)) is

1 amended by adding at the end the following new
2 paragraph:

3 “(3) Each eligible institution shall provide to the bor-
4 rower of a loan made under part B, D, or E, during the
5 exit interview required by this subsection, a clear and con-
6 spicuous notice, in such form as the Secretary shall pre-
7 scribe, describing the effect of using a consolidation loan
8 to discharge the borrower’s student loans, and including,
9 with respect to a series of loan amounts ranges—

10 “(A) the differences between fixed and variable
11 interest rates;

12 “(B) the effects of consolidation loan and its
13 available repayment plans on the borrower’s interest
14 rate, the amount of his or her monthly and total
15 payments, total interest accrued, and the length of
16 repayment term; and

17 “(C) the ability of the student to prepay
18 loans.”.

19 (c) AUTHORITY TO REFINANCE CONSOLIDATION
20 LOANS.—

21 (1) CONSOLIDATION LOAN REFINANCING.—

22 (A) FFEL CONSOLIDATION LOANS.—Sec-
23 tion 428C(a)(3)(B) of the Higher Education
24 Act of 1965 (20 U.S.C. 1078–3(a)(3)(B)) is

1 amended by adding at the end the following
2 new clause:

3 “(ii) Notwithstanding clause (i) of this subpara-
4 graph, a borrower of a consolidation loan on which
5 the interest is established at a fixed rate under sec-
6 tion 427A, 428C(e), or 455 may obtain a subsequent
7 consolidation loan for the purposes of refinancing
8 such earlier consolidation loan at the prevailing in-
9 terest rate determined under section 427A(m) or
10 455(b)(8) if the interest rate on such earlier consoli-
11 dation loan exceeds such prevailing rate by 1.0 per-
12 cent or more.”.

13 (B) PARALLEL TERMS FOR FEDERAL DI-
14 RECT CONSOLIDATION LOANS.—Section 455(a)
15 of the Higher Education Act of 1965 (20
16 U.S.C. 1087e(a)) is amended—

17 (i) in paragraph (1), by inserting
18 “428C,” after “428B,”; and

19 (ii) in paragraph (2)—

20 (I) by striking “and” at the end
21 of subparagraph (B);

22 (II) by redesignating subpara-
23 graph (C) as subparagraph (D); and

24 (III) by inserting after subpara-
25 graph (B) the following:

1 “(C) section 428C shall be know as ‘Fed-
2 eral Direct Consolidation Loans’.”.

3 (2) REFINANCED CONSOLIDATION LOANS IN-
4 TEREST RATE.—

5 (A) FFEL CONSOLIDATION LOANS.—Sec-
6 tion 427A of the Higher Education Act of 1965
7 (20 U.S.C. 1077a) is amended—

8 (i) by redesignating subsection (m)
9 and (n) as subsections (n) and (o), respec-
10 tively; and

11 (ii) by inserting after subsection (l)
12 the following:

13 “(m) REFINANCED CONSOLIDATION LOANS.—

14 “(1) PREVAILING RATE.—Notwithstanding sub-
15 sections (h), (k), and (l), with respect to any loan
16 made pursuant to section 428C(a)(3)(B)(ii) for the
17 purposes of refinancing an earlier consolidation loan,
18 the applicable rate of interest shall, for any loan
19 made during any 12-month period beginning on July
20 1 and ending on June 30, be determined on the pre-
21 ceding June 1 (and remain in effect for the duration
22 of the loan) and be equal to—

23 “(A) the bond equivalent rate of 91-day
24 Treasury bills auctioned at the final auction
25 held prior to such June 1; plus

1 “(B) 2.3 percent,
2 except that such rate shall not exceed 8.25 percent.

3 “(2) RECOVERY OF EXCESS INTEREST.—If,
4 with respect to a consolidation loan on which the ap-
5 plicable interest rate is determined under this sub-
6 section, the applicable interest rate for any 3-month
7 period exceeds the special allowance rate applicable
8 to such loan under section 438(b)(2)(I) for such pe-
9 riod, then an adjustment shall be made—

10 “(A) by calculating the excess interest in
11 the amount computed under paragraph (3) of
12 this subsection; and

13 “(B) by crediting the excess interest to the
14 Government.

15 “(3) AMOUNT OF ADJUSTMENT.—The amount
16 of any adjustment of interest on a loan to be made
17 under this subsection for any quarter shall be equal
18 to—

19 “(A) the applicable interest rate minus the
20 special allowance rate determined under section
21 438(a)(2)(I); multiplied by

22 “(B) the average daily principal balance of
23 the loan (not including unearned interest added
24 to principal) during such calendar quarter; di-
25 vided by

1 “(C) four.”.

2 (B) REFINANCED FEDERAL DIRECT CON-
3 SOLIDATION LOANS.—Section 455(b) of the
4 Higher Education Act of 1965 (20 U.S.C.
5 1087e(b)) is amended—

6 (i) by redesignating paragraphs (8)
7 and (9) as paragraphs (9) and (10), re-
8 spectively; and

9 (ii) by inserting after paragraph (7)
10 the following:

11 “(8) PREVAILING RATE CONSOLIDATION
12 LOANS.—Notwithstanding the preceding paragraphs
13 of this subsection, with respect to any loan made
14 pursuant to section 428C(a)(3)(B)(ii) for the pur-
15 poses of refinancing an earlier consolidation loan,
16 the applicable rate of interest shall, for any loan
17 made during any 12-month period beginning on July
18 1 and ending on June 30, be determined on the pre-
19 ceding June 1 (and remain in effect for the duration
20 of the loan) and be equal to—

21 “(A) the bond equivalent rate of 91-day
22 Treasury bills auctioned at the final auction
23 held prior to such June 1; plus

24 “(B) 2.3 percent,

1 except that such rate shall not exceed 8.25 per-
2 cent.”.

3 (C) CONFORMING AMENDMENT.—Section
4 438(b)(2)(I) is amended by striking “section
5 427A(k)(4) or (l)(3)” each place it appears in
6 clauses (iv) and (vi) and inserting “section
7 427A(k)(4), (l)(3), or (m)”.

8 **SEC. 9. SIMPLIFYING THE STUDENT AID PROCESS.**

9 (a) STUDENT ELIGIBILITY.—Subsection (r) of sec-
10 tion 484 (20 U.S.C. 1091) is repealed.

11 (b) SHORT FORM FOR SIMPLIFIED NEEDS TEST.—

12 (1) FAFSA-EZ IN LIEU OF FAFSA.—Sub-
13 section (a) of section 479 (20 U.S.C. 1087ss(a)) is
14 amended to read as follows:

15 “(a) SIMPLIFIED APPLICATION: FAFSA-EZ.—

16 “(1) IN GENERAL.—The Secretary shall develop
17 and use a simplified application form, to be known
18 as the ‘FAFSA-EZ’, to be used in lieu of the com-
19 mon financial reporting form prescribed under sec-
20 tion 483(a) for families described in subsections (b)
21 and (c) of this section.

22 “(2) REDUCED DATA REQUIREMENTS.—The
23 simplified application form shall—

24 “(A) in the case of a family meeting the
25 requirements of subsection (b)(1), permit such

1 family to submit only the data elements re-
2 quired under subsection (b)(2) for the purposes
3 of establishing eligibility for student financial
4 aid under this part; and

5 “(B) in the case of a family meeting the
6 requirements of subsection (c), permit such
7 family to be treated as having an expected fam-
8 ily contribution equal to zero for purposes of es-
9 tablishing such eligibility and to submit only the
10 data elements required to make a determination
11 under subsection (c).

12 “(3) AVAILABILITY OF MEANS TO DETERMINE
13 ELIGIBILITY.—The Secretary shall provide, both via
14 a widely disseminated printed form and an Internet
15 or other electronic means, the capability for individ-
16 uals to determine easily, by entering relevant data,
17 whether or not they qualify for the submission of a
18 simplified application form under this subsection.
19 The capability provided under this paragraph shall
20 include the capability to determine approximately
21 the amount of grant, work-study, and loan assist-
22 ance an individual would be eligible for under this
23 title upon completion and verification of the sim-
24 plified application form.

1 “(4) FREE AVAILABILITY AND PROCESSING.—
 2 The provisions of section 483(a)(2) shall apply to
 3 the FAFSA-EZ as if the FAFSA-EZ were the com-
 4 mon financial reported form prescribed by the Sec-
 5 retary under section 483(a)(1), and the data col-
 6 lected by means of the FAFSA-EZ shall be available
 7 to institutions of higher education, guaranty agen-
 8 cies, and States in accordance with section
 9 483(a)(3).”.

10 (2) ADDITIONAL QUALIFYING FORMS.—Section
 11 479(b)(3) of such Act is amended—

12 (A) by striking “or” at the end of subpara-
 13 graph (B);

14 (B) by striking the period at the end of
 15 subparagraph (C) and inserting a semicolon;
 16 and

17 (C) by adding at the end the following new
 18 subparagraphs:

19 “(D) a form for applying for supplemental
 20 security income under title XVI of the Social
 21 Security Act;

22 “(E) a form for applying for Medicaid
 23 under title XVIII of the Social Security Act;

24 “(F) a form for applying for food stamps
 25 under the Food Stamp Act of 1977; or

1 “(G) a schedule for applying for the
2 earned income tax credit under section 32 of
3 the Internal Revenue Code of 1986.”.

4 (c) SIMPLIFICATION OF THE FREE APPLICATION FOR
5 FEDERAL STUDENT AID (FAFSA).—Section 483(a) of
6 the Higher Education Act of 1965 (20 U.S.C. 1090(a))
7 is amended—

8 (1) by striking paragraph (1) and inserting the
9 following:

10 “(1) SINGLE FORM REQUIRED.—The Secretary,
11 in cooperation with representatives of agencies and
12 organizations involved in student financial assist-
13 ance, shall produce, distribute, and process free of
14 charge a common financial reporting form to be
15 used to determine the need and eligibility of a stu-
16 dent for financial assistance under parts A through
17 E of this title (other than under subpart 4 of part
18 A). Such form shall satisfy the requirements of sec-
19 tion 401(d) of this title. Subject to paragraph (8)—

20 “(A) the Secretary shall include on the
21 form developed under this subsection such data
22 items as the Secretary determines are appro-
23 priate for inclusion; and

1 “(B) such items shall be selected in con-
 2 sultation with States to assist in the awarding
 3 of State financial assistance.”; and

4 (2) by adding at the end the following new
 5 paragraph:

6 “(8) SIMPLIFICATION.—Within 5 years after
 7 the date of enactment of the College Opportunity for
 8 All Act, the Secretary shall initiate a proceeding to
 9 revise the common financial reporting form under
 10 this section to reduce the number of data items re-
 11 quired to be provided by applicants for student fi-
 12 nancial assistance under this title (other than sub-
 13 part 4 of part A). The objective of such proceeding
 14 shall be to obtain a 50 percent reduction in the
 15 number of such data items. The Secretary shall,
 16 within 2 years after the date of enactment of such
 17 Act submit an interim report to the Congress on the
 18 progress made in achieving such objective, and iden-
 19 tifying the impediments to further progress.”.

20 **SEC. 10. EXPANSION OF VOLUNTARY FLEXIBLE AGREE-**
 21 **MENTS WITH GUARANTY AGENCIES.**

22 (a) AMENDMENT.—Section 428A(a) of the Higher
 23 Education Act of 1965 (20 U.S.C.1078–1(a)) is amended
 24 by striking paragraph (3) and inserting the following:

1 “(3) ELIGIBILITY.—Any guaranty agency or
2 consortium thereof may enter into a voluntary flexi-
3 ble agreement with the Secretary.”.

4 (b) IMMEDIATE EFFECTIVE DATE.—The amendment
5 made by paragraph (1) shall take effect on the date of
6 enactment of this Act.

7 **SEC. 11. ALLOWANCE FOR STATE AND OTHER TAXES.**

8 Notwithstanding any other provision of law, the an-
9 nual updates to the allowance for State and other taxes
10 in the tables used in the Federal Needs Analysis Method-
11 ology to determine a student’s expected family contribu-
12 tion for the award year 2004–2005 under part F of title
13 IV of the Higher Education Act of 1965 (20 U.S.C.
14 1087kk et seq.), published in the Federal Register on Fri-
15 day, May 30, 2003 (68 Fed. Reg. 32473), shall be deemed
16 to never have been promulgated.

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